

**MINUTES OF THE  
BOARD OF COMMUNITY HEALTH MEETING  
August 9, 2007**

**Members Present**

Richard Holmes, Chairman  
Mark Oshnock, Secretary  
Dr. Inman "Buddy" English  
Kim Gay  
Frank Jones  
Richard Robinson

**Members Absent**

Ross Mason, Vice Chairman  
Dr. Ann McKee Parker

The Board of Community Health held its regularly scheduled monthly meeting in the Floyd Room, 20<sup>th</sup> Floor, West Tower, Twin Towers Building, 200 Piedmont Avenue, Atlanta, Georgia. Commissioner Rhonda Meadows was present. (An Agenda and a list of Attendees are attached hereto and made official parts of these Minutes as Attachments #1 and #2).

**Approval of Minutes**

Chairman Holmes called the meeting to order at 10:38 a.m. The Minutes of the June 14 and July 12 Meetings were UNANIMOUSLY APPROVED AND ADOPTED.

Chairman Holmes informed members that Vice Chairman Ross Mason was involved in an accident and asked them to include him in their prayers for a speedy recovery.

**Department Updates**

**Carie Summers, Chief Financial Officer**, began review of the Hospital Services Payment Rates Public Notice. The public notice changes the rates for both inpatient and outpatient hospital services and uses a more current DRG grouper (Version 24), updates DRG relative weights and threshold amounts based on claims data from State Fiscal Year 2005, updates base rates from the same period of time, including using Cost Report data from fiscal year 2004, and capital survey data from fiscal years 2004 through 2006. For hospitals assigned to the specialty care group, which are basically rehabilitation hospitals, a hospital specific base rate would be used. For all other hospitals the peer group base rate will continue to be used. This is a budget neutral change using existing dollars. This public notice and the related reimbursement methodology changes were vetted over several meetings with the DCH Hospital Advisory Committee and the committee members basically were in consensus with the proposal. Ms. Summer said relative to public comment, a hearing was held and no one testified and the Department received no written comment. She asked the Board for its favorable consideration for final approval. The effective date would be dates of service on and after January 1, 2008. Secretary Oshnock MADE a MOTION to approve the Hospital Services Payment Rates Public Notice. Ms. Gay SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Hospital Services Payment Rates Public Notice is hereto attached and made an official part of these Minutes as Attachment # 4).

Ms. Summers continued with an overview of a Resolution for the State Health Benefit Plan Employee Rates for Calendar Year 2008. She said the Department is asking for the Board's favorable consideration of this Resolution that sets the employee rates for the plan year. She said what the Department is asking in the Resolution is an across the board increase of 10% for all premium rates. On average employees pay 23-24% of the total cost of the plan with the State paying the remaining amount. She brought to the Board's attention a memo from the Governor's Office of Planning and Budget (OPB) to the Commissioner which explains that the Fiscal Year 2008 is predicated on an average 10% employee premium increase. The assumption about a 10% rate increase was built into the Governor's budget recommendation, and as the Department went through the budget process with the General Assembly who made it very clear through that process that the numbers for the State Health Benefit Plan was predicated on a 10% increase. Ms. Summers stated while OPB has given the Department some latitude to go to an average 10% increase, DCH feels that if it did not increase everyone at 10%, it would be contradictory to the message it shared with the General Assembly during the Session.

Chairman Holmes asked if this Resolution reflects the expectation of the General Assembly. Ms. Summers answered that the Resolution ensures that the dollars SHBP receives from premium revenue from employees would increase by an amount that would be generated based on the 10% increase. Mr. Jones asked what was the amount of the increase for the prior year. Ms. Summers said for Calendar Year 2007 there was no increase. In CY 2006 the increase was 10% as well. Secretary Oshnock MADE a MOTION to adopt the Resolution for the State Health Benefit Plan Employee Rates for Calendar Year 2008. Dr. English SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Resolution for the State Health Benefit Plan Employee Rates for Calendar Year 2008 is hereto attached and made an official part of these Minutes as Attachment # 4).

Ms. Summers continued with the next agenda item—a presentation of the Amended FY 2008 and FY 2009 Program Budgets. Ms. Summers said the budget is due to OPB on September 1, 2007. For the Amended FY 2008 budget, agencies have been instructed that they should only ask for additional funds that would address emergencies or errors in existing resources so there is no opportunity for the Department to ask for additional funds for any new initiatives in the FY 08 Supplemental Budget.

There are two instructions for FY 2009. The first set of instructions requires two versions specific to the Department's Administration and Program Support and for the Health Care Access and Improvement program. One version is an enhancement version equal to 102% of the current FY 2008 base budget. The second version is a -2% reduction version equal to 98% of the current FY 2008 base budget. For the Medicaid Low Income Medicaid and Aged, Blind, and Disabled benefits programs, the instructions require one version: a +2% enhancement version equal to 102% of the current FY 2008 base budget. A reduction version is not required. The PeachCare for Kids budget instructions are pending the outcome of the federal State Children's Health Insurance Program (SCHIP) language. For the SHBP the budget request should align with the CY 2008 strategic plan which includes offering a statewide consumer directed healthcare plan option; no new enrollment in the Indemnity Plan; reduction in HMO Options from four plans to three; a 10% increase in employee premiums; and an 11% increase in state's contribution toward the annual cost.

Ms. Summers presented the three preliminary budget recommendations for FY 2009 Enhancements in the Healthcare Access and Improvement Program. They are: 1. Health Information Transparency Web Site - \$1 million to cover Phase II in establishing web site capabilities to provide healthcare consumers and providers with access to health information; 2. Georgia Health Disparities Elimination Grant Program - \$1 million for the Office of Health Improvement and Office of Rural Health to partner on a grant program intended to reduce health disparities; and 3. Health Information Exchange - \$1 million to fund the second year matching grant program to support two-three pilots focusing on developing e-prescribing or electronic medical record programs. She said these recommendations add up to more than the \$2 million target and the Department would be asking for the board's input on which of these to select or select all of them at a lower amount, or if there are other things the board is interested in seeing on the list. The Department is proposing to address the FY 2009 \$2 million target reduction in two ways: reduce the Indigent Care Trust fund by returning \$500,000 to the State Treasury from funds earmarked from breast cancer license tag renewals since renewal revenues exceeded the earmark; and the second reduction proposal is a \$1.5 million reduction generated by operating efficiencies for computer charges, telecommunication, regular operating expenses and contracts for professional services.

Ms. Summers moved on to the Medicaid Program and gave a fiscal status of the program in FY 2007, reviewed Medicaid Cost Management Initiatives to date, the impact of Medicaid Cost Management, Medicaid enrollment trends, trends in Georgia Low Income Medicaid (LIM) Enrollment and State Unemployment Rates, Expenditure Growth Assumptions (Projected Medicaid growth rate is 2.0% annually), Projected Payment per member per month by LIM and ABD, projected FY 2009 Average Monthly CMO Enrollment, and projected Medicaid Expenditures from FY 2006 to FY 2009. Ms. Summers said the Department had put together a "straw man" or a list of things the Department thinks are appropriate for changes from which the board can work. She stated there are a lot more needs than what 2% will buy. So with limited resources the Department tried to focus on areas, particularly as it relates to the rate increases that are proposed, where it has been a long time since providers had any substantive change in the rates. There are no funding needs in the Medicaid Program for the Amended FY 2008 budget. For FY 2009 the Department anticipates needing \$225 million to cover loss of one-time, prefunding made available for FY 2008 in FY 2007; the 2% enhancement equals to 102% of the current FY 2008 base budget. The Preliminary Budget Recommendations FY 2009 Enhancements (includes the cost to increase rates in PeachCare for Children also) are:

1. Inpatient Hospital Services - use FY 2005 cost reports and increase coverage for hospitals (\$46.6 million total funds; \$16.8 million state funds);
2. Outpatient Hospital Services – use facility-wide cost-to-charge; assume a 2.5% average increase in rates linked to RBRVS; increase triage for non-emergent use of the ER; and increase cap on outpatient services based on increases in inpatient services (\$18.9 million total funds; \$6.8 million state funds);
3. Outpatient Hospital and Physician Services – recognize RBRVS rates for digital mammography (\$1.0 million total funds; \$0.4 million state funds);
4. Physician and Physician Related Services – change the maximum allowable reimbursement to 88.5% of 2007 RBRVS as specified by Medicare for Georgia Area 1. Ms. Summers emphasized that although the Department is updating to a new scale does not mean that every single code that is paid for under RBRVS is going to go up (\$24.2 million total funds; \$10.0 million state funds);
5. There are a couple areas in the physician program that are not subject to RBRVS that was important to make the increase to - increase EPSDT HealthCheck rates by 2.5% (\$1.6 million total funds; \$0.6 million state funds);
6. Also in the Physician program – increase rates for global maternity delivery codes by 2.5% (cost \$2.6 million total funds; \$0.9 million state funds);
7. Independent Care Waiver Program (ICWP) - add 50 slots to address community based waiting list (\$2.2 million total funds; \$0.8 million state funds); add 100 slots to move eligible members from institutions to the community (Money Follows the Person Initiative) (\$4.0 million total funds; \$1.4 million state funds); Increase ICWP rates for personal support by 7% (cost: \$2.3 million total funds; \$0.8 million state funds).

8. Nursing homes – provide an additional 1% add-on to the nursing services component of the per diem for facilities that meet the requirements of the Quality Incentive Program (\$5.0 million total funds; \$1.8 million state funds);
9. Home Health Services – update to FY 2006 cost reports; increase cap from \$75 to \$90 per visit; or pay the lesser of the cap or 100% cost (\$3.8 million total funds; \$1.4 million state funds).

Ms. Summers said the PeachCare for Kids Program is on hold pending federal reauthorization. She gave a snap shot of PeachCare: At the end of July there were 282,501 children covered. Georgia ranks fourth nationally in numbers of enrolled children even with the freeze on enrollment. The PeachCare budget in FY 07 was \$412.5 million in federal funds (\$126.3 million in state fund sources). Ms. Summers said in FY 2008 the federal funds available are unknown. There is \$40 million less in state funds because the program does not have that \$20 million roll forward anymore so the IBNR that was funded in FY 06 going into FY 07 is unavailable this year. In addition, the Department had predicted \$20 million was needed for growth in enrollment. If SCHIP funding is available, the federal match will be 73.38% if there is no cap. She reviewed a projection of how much state funds will be needed in FY 08, assuming that federal funds are made available, there are no freezes/caps, changes in eligibility criteria and premium increases. The Department projects there would be about 389,010 children in the program. Under the status quo situation (with no freeze or cap on enrollment or other changes to the program), approximately \$41 million in state funds is needed in FY 08A and about \$64.4 million in FY 09. If SCHIP reauthorization results in a federal fund allocation comparable to prior years (\$165 million in federal funds), the Department would need another \$95 million in federal funds in FY 08 and \$164 million in FY 09 based on a status quo program. Without some significant changes in the funding formula and without reauthorization, the Department projects it would be out of funds by the end of March 2008.

Ms. Summers continued with the budget discussion on the State Health Benefit Plan. She reviewed historical changes to the SHBP that have resulted in a \$478 million reduction in estimated expenditures from FY 2007-FY 2009. The changes in projections in enrollee growth are +2.4% from FY 07 to FY 08 and in the next two years about 2% a year. The goal of PMPM growth costs should be less than or equal to state revenue growth which is about 7% and while Plan PMPM has improved, it will continue to trend upward. The PMPM percent of growth from 2007 to 2010 is going up from 8% to 9.3 %, not including the impact of moving toward consumer directed health care. Ms. Summers said most of the cost drivers expense growth is in PMPM because there are more people in the plan which is driven by employment. In 2009 the SHBP will need an additional \$242 million in expenses as compared to the prior year. She said the Department is in the process of finalizing fund balances for FY 07 which just closed and doing revenue projections to compare the \$242 million need with growth in revenue.

Ms. Summers said in summary the Department proposes to cut \$2 million in administration; \$2 million to add in the Health Care Access and Improvement Initiatives; \$225 million loss of fiscal year pre-fund that has to be covered; \$41.7 million in enhancements in the Medicaid and PeachCare programs; \$64.4 Status Quo State Fund Need for PeachCare for Kids. The total state fund change would be \$331 million. State Health Benefit Plans are reflected in the budget as other funds. Growth and expense is \$242.5 million. Ms. Summers concluded the budget presentation after addressing questions from the Board. (A copy of the Amended FY 2008 & FY 2009 Program Budgets Presentation is hereto attached and made an official part of these Minutes as Attachment # 5).

Chairman Holmes departed the meeting and in his absence Secretary Oshnock presided. He called on Charemon Grant to address the board.

**Charemon Grant, General Counsel**, began her discussion on changes to the State Health Benefit Plan Rules. Ms. Grant informed members that these rules were discussed in today's Audit Committee meeting. She said in 2004 the Governmental Accounting Standards Board (GASB) issued Statement 45 entitled Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions. It requires public agencies to report their costs and obligations pertaining to health and other benefits of current and future retired employees. Part of the reporting requirement involves providing information on the benefit funding policy as well as the Plan's funding status and funding progress. The proposed rules presented today establish the manner in which the liability will be funded, that is through the Georgia Retiree Health Benefit Fund, which provides for cost of retiree post employment health insurance benefits. This fund was statutorily created for the sole purpose of representing those funds that would address those liabilities. The first rule change in 111-4-1-.01, the changes therein are definitional changes and added three definitions to the rules. The next section, 111-4-1-.13, is a new rule. This rule sets forth the functions of the Board and Commissioner and gives an explanation of how the Fund will actually be funded. On a yearly basis, the Board will make a determination as to what the contributions will be from the employee and employer. Ms. Grant asked members of the Board for favorable consideration for the initial adoption of the rules. Ms. Gay MADE a MOTION to approve State Health Benefit Plan Rules 111-4-1-.01 and 111-4-1-.13 to be published for public comment. Mr. Jones SECONDED the MOTION. Secretary Oshnock called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the SHBP Rules 111-4-1-.01 and 111-4-1-.13 are hereto attached and made an official part of these Minutes as Attachment # 6).

### **Closing Comments**

Secretary Oshnock asked Commissioner Medows if she had any closing comments. Dr. Medows asked the Board to send her comments about the proposed provider rate increases and enhanced funding for the waiver slots. With respect to SCHIP and PeachCare, she reiterated that Congress has not reauthorized SCHIP and the program is scheduled to end by September 30, 2007 without reauthorization or a continuing resolution. She said while a continuing resolution would not be the optimal choice, it would buy the state time to keep the program running while the reauthorization debate and discussions continue. If the continuing resolution were to be the mechanism that keeps the program going, if it contained the same flawed funding formula, the Department anticipates running out of funds again in March 2008. She invited members of the public to join her in writing a letter to members of the Congressional Delegation, thanking them for their support in this effort and also encouraging them to continue efforts in getting reauthorization accomplished. The letter would not address any particular piece of legislation; it will basically speak to the value of the program as well as the need to reauthorize and appropriately fund the program so the state would not lose healthcare coverage for the children currently enrolled and currently eligible for the program. Dr. Medows said the Governor announced his new healthcare initiative—the Health Insurance Partnership (HIP). She said this is a work in progress and would need expertise as the state creates a health insurance options for small businesses and small proprietors. Dr. Medows said the HIP is a voluntary program for the employers, employees and health plans.

### **New Business**

Secretary Oshnock said the next meeting is August 23, 10:30 a.m. No committee meetings will be held. Specific questions regarding the budget recommendations should be sent to Dr. Medows via e-mail. Dr. Medows added that the September 13 Board meeting will focus on Care Management Organizations and year-end wrap up. The CMOs will present results of their consumer/patient satisfaction surveys. The Department also hopes to have national experts speak about quality initiatives. In addition, the CMOs will also address their quality and emergency room initiatives.

### **Adjournment**

There being no further business to be brought before the Board, Secretary Oshnock adjourned the meeting at 12:08 p.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2007.

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RICHARD L. HOLMES  
Chairman

ATTEST TO:

\_\_\_\_\_  
MARK D. OSHNOCK  
Secretary

### **Official Attachments:**

- #1 List of Attendees
- #2 Agenda
- #3 Hospital Services Payment Rates Public Notice
- #4 Resolution for the State Health Benefit Plan Employee Rates for CY 2008
- #5 Amended FY 2008 & FY 2009 Program Budgets Presentation
- #6 SHBP Rules 111-4-1-.01 and 111-4-1-.13